

**FORTIETH JUDICIAL DISTRICT
COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05



STAGNI & COMPANY, LLC

FORTIETH JUDICIAL DISTRICT COURT ANNUAL FINANCIAL REPORT

December 31, 2004

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FORTIETH JUDICIAL DISTRICT COURT
St. John the Baptist Parish
Edgard, Louisiana

As of and for the Year Ended December 31, 2004

JUDGES

Division A

Honorable Madeline Jasmine

Division B

Honorable Mary Hotard Becnel

Division C

Honorable J. Sterling Snowdy

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

This discussion and analysis of the Fortieth Judicial District Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2004. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Fortieth Judicial District Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations assets exceeded liabilities by \$286,810 (net assets).
- Total net assets are comprised of the following:
 - (1) Investment in capital assets of \$15,643 including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$271,167 representing the portion available to maintain the continuing obligations to citizens and creditors.
- The governmental funds reported total ending fund balance of \$271,167, of which all was considered unreserved. This compares to the prior year ending fund balance – of \$280,419, showing a decrease of \$9,252 during the current year.
- Total spending for all judicial activities was \$410,466 for the year, which was \$16,734 more than the program revenues (\$393,732) for these activities.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The Statement of Net Assets and the Statement of Activities reports on only one type of activity – governmental activities. Most of the basic instructional and support services are reported as this type. Operating grants and contributions and criminal and civil fees charged finance most of these activities.

Our analysis below focuses on the net assets of the governmental-type activities:

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

Condensed Statement of Net Assets

	2004	2003	Dollar Change	Total Percent Change
Current and Other Assets	\$ 284,931	\$ 295,849	\$ (10,918)	-4.0%
Capital Assets	15,643	22,863	(7,220)	-31.6%
Total Assets	300,574	318,712	(25,929)	-8.1%
Current Liabilities	13,764	15,430	(1,666)	-1.0%
Total Liabilities	13,765	15,430	(1,666)	-1.0%
Invested in Capital Assets	15,643	22,863	(7,220)	-31.6%
Unrestricted	271,167	280,419	(9,252)	-3.3%
Total Net Assets	\$ 286,810	\$ 303,282	\$ (16,472)	-5.4%

Net assets decreased by \$16,472 as a result of this year's operations, which indicates that the overall financial position declined slightly during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations.

Condensed Statement of Activities

	2004	2003	Dollar Change	Total Percent Change
Charges for Services	\$ 89,759	\$ 107,419	(17,660)	-16.4%
Operating Grants and Contributions	303,973	322,466	(18,493)	-5.7%
Program Expenses:				
Current	392,056	365,021	27,035	7.4%
Depreciation - unallocated	18,410	15,991	2,419	15.1%
Total program expenses	410,466	381,012	29,454	7.7%
Net program income	(16,734)	48,873	65,607	-134.2%
General revenues	261	919	(658)	-71.6%
Change in Net Assets	(16,473)	49,792	(66,265)	-205.8%

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

Net Assets:

Beginning of the year	303,282	253,490	49,792	19.6%
End of the year	<u>\$ 286,810</u>	<u>\$ 303,282</u>	<u>\$ (16,472)</u>	<u>-5.4%</u>

Total revenues for the year in governmental activities were \$393,993 (\$393,732 in program revenues and \$261 in general revenues). The total cost of all judicial programs and services was \$410,466 with no new programs added this year.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Fortieth Judicial District Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$271,167. This reflects a decrease of \$9,252 from last year. This decrease is primarily the result of the events and programs described within the analysis of the governmental activities.

Condensed Balance Sheet

	2004	2003	Dollar Change	Total Percent Change
Total Current Assets	\$ 284,931	\$ 295,849	\$ (10,918)	-3.7%
Total Current Liabilities	13,764	15,430	(1,666)	-61.3%
Fund Equity:				
Unreserved	<u>271,167</u>	<u>280,419</u>	<u>(9,252)</u>	<u>-3.3%</u>
Total fund equity	<u>271,167</u>	<u>280,419</u>	<u>(9,252)</u>	<u>-3.3%</u>
Total Liabilities and Equity	\$ 284,931	\$ 295,849	\$ (10,918)	-3.7%

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

Condensed Statement of Revenues, Expenditures
and Changes in Fund Balances

	2004	2003	Dollar Change	Total Percent Change
Total Revenues	\$ 393,993	\$ 430,804	(36,811)	-8.5%
Expenditures:				
Current	392,056	365,021	27,035	7.4%
Capital Outlay	11,189	4,662	6,527	140.0%
Total Expenditures	403,245	369,683	33,562	9.1%
Excess (Deficiency)	(9,252)	61,121	(70,373)	-115.1%
Fund Balance:				
Beginning of the year	280,419	219,298	61,121	27.9%
End of the year	<u>\$ 271,167</u>	<u>\$ 280,419</u>	<u>\$ (9,252)</u>	<u>-3.3%</u>

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2004 and 2003 was \$15,643 and \$22,863 respectively.

	2004	2003
Division A	\$ 65,434	\$ 65,434
Division B	45,796	45,796
Division C	41,310	37,968
Adult Drug Court	17,319	9,820
Fins	349	-
Total Cost	170,208	159,018
Accumulated Depreciation	154,565	136,155
Net Capital Assets	<u>\$ 15,643</u>	<u>\$ 22,863</u>
Depreciation Expense	<u>\$ 18,410</u>	<u>\$ 15,991</u>

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004

This year there was \$11,189 of additions, reflecting the net increase in capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fortieth Judicial District Court's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge Madeline Jasmine, Chief Judge,
P.O. Box 308,
Edgard, LA 70049
Phone number 985-497-5580.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

INDEPENDENT AUDITOR'S REPORT

To the Judges of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish as of and for the year ended December 31, 2004 which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Fortieth Judicial District Court. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Fortieth Judicial District Court as of December 31, 2004, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2005, on our consideration of the Fortieth Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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To the Judges of the Fortieth Judicial District Court
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Management's Discussion and Analysis, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fortieth Judicial District Court's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Fortieth Judicial District Court. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
June 23, 2005



**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

**Statement of Net Assets - Governmental Activities
December 31, 2004**

ASSETS

Cash and cash equivalents	\$ 241,761
Receivables	43,170
Capital Assets, net of depreciation	15,643
TOTAL ASSETS	<u>300,574</u>

LIABILITIES

Due to other governments	<u>13,764</u>
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NET ASSETS

Invested in capital assets	15,643
Unrestricted	271,167
TOTAL NET ASSETS	<u>\$ 286,810</u>

See Notes to Financial Statements.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	Expenses	Program Revenue	Operating Grants	Net (Expense) Revenue
		Charges for services		
Judicial activities:	\$410,466	\$ 89,759	\$ 303,973	\$ (16,734)
Total governmental activities	<u>410,466</u>	<u>89,759</u>	<u>303,973</u>	<u>(16,734)</u>
GENERAL REVENUES				
Interest earned				<u>261</u>
TOTAL GENERAL REVENUES				<u>261</u>
CHANGE IN NET ASSETS				(16,473)
NET ASSETS:				
Beginning of year				<u>303,283</u>
End of year				<u>\$ 286,810</u>

See notes to financial statements.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
 Balance Sheet - Governmental Funds
 December 31, 2004

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 231,075	\$ (836)	\$ 11,522	\$ 241,761
Receivables	7,610	35,560		43,170
TOTAL ASSETS	\$238,685	\$34,724	\$11,522	\$284,931
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 1,095	\$ 11,851	\$ 818	\$ 13,764
Total liabilities	1,095	11,851	818	13,764
Fund Balances:				
Unreserved - undesignated	237,590	22,873	10,704	271,167
Total fund balances	237,590	22,873	10,704	271,167
TOTAL LIABILITIES AND FUND BALANCES	\$ 238,685	\$ 34,724	\$ 11,522	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds - net book value:				15,843
Net assets of governmental activities				\$ 286,810

See notes to financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Statement D

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
REVENUES				
Criminal Fees	\$ 62,720	\$ 695	\$ 1,174	\$ 64,589
Civil Fees	25,170			25,170
Supreme Court Reimbursements	19,907			19,907
Interest & Miscellaneous	250		11	261
Grants		253,629	30,437	284,066
Total Revenues	<u>108,047</u>	<u>254,324</u>	<u>31,622</u>	<u>393,993</u>
EXPENDITURES - JUDICIAL:				
Current:				
Advertising & Public Relations	600	226		826
Conferences & Dues	6,893	2,925	365	10,183
Equipment Lease	4,050			4,050
Jury & Court Lunches	1,119	281		1,400
Insurance		3,316		3,316
Misc & Bank Charges	158	213	254	625
Library	19,497	3,841	40	23,378
Office Supplies & Operations	23,025	13,133	1,684	37,842
Professional Fees	10,055	17,811	2,343	30,209
Rent Building		14,400		14,400
Repairs & Maintenance	1,257	6,698		7,955
Administrative Service		98,705		98,705
Testing & Laboratory		20,580		20,580
Payroll Taxes		6,932		6,932
Salary Reimbursement	10,820		26,667	37,487
Supplemental Pay	11,099	1,395		12,494
Telephone	3,655	6,275		9,930
Treatment Services		57,302		57,302
Travel	11,228	2,882	332	14,442
Total current expenditures	<u>103,458</u>	<u>256,915</u>	<u>31,685</u>	<u>392,058</u>
Capital outlay	3,342	7,498	349	11,189
Total Expenditures	<u>106,798</u>	<u>264,413</u>	<u>32,034</u>	<u>403,245</u>
Excess (Deficiency) of Revenues Over Expenditures	1,249	(10,089)	(412)	(9,252)
FUND BALANCES				
Beginning of year	236,341	32,962	11,116	280,419
End of year	<u>\$237,590</u>	<u>\$22,873</u>	<u>\$10,704</u>	<u>\$271,167</u>
RECONCILIATION:				
Net change in fund balances—total governmental funds from above				\$ (9,252)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.				
	Capital outlays	11,189		
	Depreciation	(18,410)		
				(7,221)
Change in net assets - governmental activities				<u>\$ (16,473)</u>

See notes to financial statements.

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2004

Introduction

The Fortieth Judicial District Court was created by Act No. 52 of the 1984 regular Louisiana Legislative Session as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of St. John the Baptist Parish. The Fortieth Judicial District is comprised of three (3) independently elected judges with 6 year-terms.

Note 1 Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. Reporting Entity

Fortieth Judicial District Court judges are independently elected officials. However, the Fortieth Judicial District Court is fiscally dependent on the St. John the Baptist Parish Government for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The accompanying financial statements present information only on the funds maintained by the Fortieth Judicial District Court and do not present information on the St. John the Baptist Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Governmental Fund Types

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the Fortieth Judicial District Court's major governmental funds:

The General Fund – The Judicial Expense Fund was created by the State of Louisiana Act No. 52, House Bill No. 39 of the 1984 regular Legislative session. It authorized collection from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum not to exceed fifteen dollars. In all criminal cases, there shall be collected an amount not to exceed seven dollars and fifty cents from every defendant who is convicted after a trial or other plea of guilty or who forfeits his bond. These costs are to be in addition to all other fines, costs or forfeitures imposed by law. Act 834, Section 571.11 of the 1993 Regular Legislative Session, authorizes all judgments of bond forfeitures resulting from the posting of surety bond in criminal proceeding in the State of Louisiana shall be collected by the district attorney. The district attorney shall distribute ten percent of all funds collected to the court fund of the parish where the bond was posted. In general, the funds may be used for any purpose or purposes connected with the incidental or related to proper administration or function of the offices of the individual judges.

Adult Drug Court – This fund receives revenue from a grant from the Louisiana Law Enforcement Commission and is administered by Division A.

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Court fines and fees, and interest are recorded when earned and measurable.

Expenditures – The major expenditures are recorded when earned and payable or when incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting (Continued)

Government-Wide Financial Statements (GWFS) (Continued)

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits.

Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and equipment	5 years

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

H. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Deposits

At year-end deposits (book balances) considered cash and cash equivalent totaling \$241,761 as follows:

Checking accounts	\$ 129,682
Time deposits	\$ 112,079

These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Acceptable collateralization includes the FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits.

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2004

Note 2 Deposits (Continued)

Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk:

- Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.
- Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.
- Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name.

At year-end Fortieth Judicial District Court has reported book balances (all deposits) of \$241,761 and the corresponding bank balances totaling \$250,273. All of these deposits are considered to be in the Category 1 risk category. These deposits are secured from risk by \$213,856 of federal deposit insurance.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 Capital Assets

Capital assets and depreciation activity for the year is as follows:

Furniture & Equipment:	Beginning Balance	Additions	Deletions	Ending Balance
Division A	\$65,434			\$65,434
Division B	45,796			45,796
Division C	37,968	\$3,342		41,310
Adult Drug Court	9,820	7,498		17,319
Fins	0	349		349
Total Cost	\$159,018	\$11,189		\$170,208
Less accumulated depreciation	\$136,155	\$18,409		\$154,565
Furniture & Equipment, net	\$22,863			\$15,643

Depreciation expense for the year recorded for governmental activities was \$18,409.

***REPORTS REQUIRED BY
GOVERNMENT AUDITING
STANDARDS***



STAGNI & COMPANY, LLC

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Judges of the Fortieth Judicial District
Terrebonne Parish, Louisiana

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of the St. John the Baptist Parish Government for the year ended December 31, 2004 and have issued our report thereon dated June 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fortieth Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2004-1. We also noted a certain immaterial instance of noncompliance that we have reported as item 2004-2 to the Chief Judge of the Fortieth Judicial District Court, in a separate letter dated June 23, 2005.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Fortieth Judicial District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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A material weakness is a condition in which the design or operations of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
June 23, 2005

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Edgard, Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004**

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

b. Federal Awards N/A

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐

For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification of Major Programs: N/A

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

Section II Financial Statement Findings

2004-1-LOUISIANA LOCAL GOVERNMENT BUDGET LAW

Criteria or specific requirement: The Louisiana Local Government Budget Law, Title 39:1301 requires that "All political subdivisions with a general or special revenue fund must prepare budgets on these funds." Furthermore Title 39:1302(k) defines political subdivision as "judges, but only insofar as their judicial expense funds, as provided for in Title 13 of the Louisiana Revised Statutes of 1950."

Condition found: There was no budget prepared.

Effect: The Louisiana Local Government Budget Law was violated.

Cause: The Fortieth Judicial District stated in prior years that it was not required to prepare a budget.

Questioned costs: None

Recommendations: The Fortieth Judicial District Court comply with the Louisiana Local Government Budget Law in preparing and adopting a budget for the general fund – the judicial expense funds for the year ending December 31, 2004.

OTHER SUPPLEMENTAL INFORMATION

MANAGEMENT LETTER

This letter to management notes immaterial deviations of compliance or suggestions for improved controls.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.

CORRECTIVE ACTION PLAN

The corrective action plan for current year audit findings is presented in this schedule.



STAGNI & COMPANY, LLC

MANAGEMENT LETTER

To the Judges of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

We have audited the basic financial statements of the Fortieth Judicial District Court as of and for the year ended December 31, 2004 and have issued our report thereon dated June 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

During the course of our examination, we became aware of the following matters, which represent immaterial deviations of compliance or suggestions for improved internal controls.

2004-2 DEPOSIT INSURANCE FOR PUBLIC UNITS

Criteria or specific requirement: Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank.

Condition found: At year-end Fortieth Judicial District Court has reported book balances (all deposits) of \$241,7614 and the corresponding bank balances totaling \$250,273. These deposits are secured from risk by \$213,856 of federal deposit insurance. The deposits are not adequately secured under state law.

Effect: The above-mentioned state law was violated.

Cause: The deposits are in six separate accounts, none of which exceeded \$100,000. The Fortieth Judicial District Court believed the federal deposit insurance applied to each account, not to total deposits.

Questioned costs: None

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To the Judges of the Fortieth Judicial District Court
MANAGEMENT LETTER
Page 2

Recommendations: The Fortieth Judicial District Court apply the total deposits to comply with the state law requiring deposits are secured from risk by federal deposit insurance or the pledged securities owned by the fiscal agent bank for the year ending December 31, 2004. Monthly or quarterly pledging reports should be obtained from the fiscal agent banks.

We recommend that the Court address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendation(s).

Stagni & Company

Thibodaux, Louisiana
June 23, 2005

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA**

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2004

REFERENCE #	DESCRIPTION OF FINDING:	CORRECTIVE ACTION
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
2003-1	There was no budget prepared for December 31, 2004.	Unresolved
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
NOT APPLICABLE		
SECTION III - MANAGEMENT LETTER		
2003-2	The Fortieth Judicial District Court was not adequately secured under state law.	Unresolved

NOTES TO SCHEDULE:

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA

Corrective Action Plan
For the Year Ended December 31, 2004

REFERENCE #	DESCRIPTION OF FINDING:	CORRECTIVE ACTION:	CONTACT:
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS			
2004-1	LOUISIANA LOCAL GOVERNMENT BUDGET LAW	We will prepare and adopt a budget for the general fund - the judicial expense funds for the year ending December 31, 2005.	Judge Madeline Jasmine
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS			
	NOT APPLICABLE		
SECTION III - MANAGEMENT LETTER			
2004-2	DEPOSIT INSURANCE FOR PUBLIC UNITS	We will ensure that the total deposits are secured from risk by federal deposit insurance or pledged securities for the year ending December 31, 2005.	Judge Madeline Jasmine

NOTES TO SCHEDULE:

This schedule includes all current audit findings and management letter comments.

In the reference number, the first 4 digits are the year that the audit finding related to.